



BILLING CODE: 4810-33-P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

Agency Information Collection Activities:

Information Collection Renewal; Submission for OMB Review;

Investment Securities

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury.

ACTION: Notice and request for comment.

SUMMARY: The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other federal agencies to take this opportunity to comment on a continuing information collection as required by the Paperwork Reduction Act of 1995 (PRA).

In accordance with the requirements of the PRA, the OCC may not conduct or sponsor, and respondents are not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

The OCC is soliciting comment concerning the renewal of its information collection titled, "Investment Securities." The OCC also is giving notice that it has sent the collection to OMB for review.

DATES: You should submit written comments by [INSERT 30 DAYS FROM DATE OF PUBLICATION IN FEDERAL REGISTER].

ADDRESSES: Because paper mail in the Washington, DC area and at the OCC is subject to delay, commenters are encouraged to submit comments by e-mail, if possible. Comments may

be sent to: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Attention: 1557-0205, 400 7th Street, SW., suite 3E-218, Washington, DC 20219. In addition, comments may be sent by fax to (571) 465-4326 or by electronic mail to prainfo@occ.treas.gov. You may personally inspect and photocopy comments at the OCC, 400 7th Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700 or, for persons who are deaf or hearing impaired, TTY, (202) 649-5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect and photocopy comments.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Additionally, please send a copy of your comments by mail to: OCC Desk Officer, 1557-0205, U.S. Office of Management and Budget, 725 17th Street, NW., #10235, Washington, DC 20503 or by email to oira_submission@omb.eop.gov.

FOR FURTHER INFORMATION CONTACT: Shaquita Merritt, OCC Clearance Officer, (202) 649-5490 or, for persons who are deaf or hearing impaired, TTY, (202) 649-5597, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street, SW., Washington, DC 20219.

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501-3520), federal agencies must obtain approval from the OMB for each collection of information that they conduct or sponsor. "Collection of information" is defined in 44 U.S.C. 3502(3) and 5 CFR

1320.3(c) to include agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. The OCC requests that OMB extend its approval of this collection.

Title: Investment Securities.

OMB Control No.: 1557-0205.

Description: Under 12 CFR 1.3(h)(2), a national bank may request an OCC determination that it may invest in an entity that is exempt from registration under section 3(c)(1) of the Investment Company Act of 1940¹ if the portfolio of the entity consists exclusively of assets that a national bank may purchase and sell for its own account. The OCC uses the information contained in the request as a basis for ensuring that the bank's investment is consistent with its investment authority under applicable law and does not pose unacceptable risk.

Under 12 CFR 1.7(b), a national bank may request OCC approval to extend the five-year holding period for securities held in satisfaction of debts previously contracted for up to an additional five years. In its request, the bank must provide a clearly convincing demonstration of why any additional holding period is needed. The OCC uses the information in the request to ensure, on a case-by-case basis, that the bank's purpose in retaining the securities is not speculative and that the bank's reasons for requesting the extension are adequate. The OCC also uses the information to evaluate the risks to the bank of extending the holding period, including potential effects on the bank's safety and soundness.

Type of Review: Extension of a currently approved collection.

Affected Public: Businesses or other for-profit.

Estimated Number of Respondents: 25.

¹ 15 U.S.C. 80a-3(c)(1).

Estimated Total Annual Burden: 460 hours.

Frequency of Response: On occasion.

Comments: The OCC issued a notice for 60 days of comment regarding this collection on November 21, 2017, 82 FR 55487. The OCC received one comment from an individual.

The comment related to 12 CFR 1.7(b). Twelve CFR 1.7(b) provides that a bank may hold securities in satisfaction of debts previously contracted for a period of five years and permits the OCC to extend the holding period up to an additional five years if the bank provides a clearly convincing demonstration as to why an additional holding period is needed.

The commenter stated that banks should rarely need to hold securities in satisfaction of debts previously contracted longer than five years. The commenter requested that the OCC conduct a retrospective analysis on the need, fairness, and appropriateness of the text in 12 CFR 1.7(b) that permits the OCC to extend the holding period beyond five years. The commenter stated that this retrospective analysis would enable the OCC to narrow the requirements for an extended holding period and to specify in 12 CFR 1.7(b) the rare and unusual reasons why banks may need more than five years to dispose of a security. The commenter further stated that 12 CFR 1.7(b) currently encourages banks to speculate on securities acquired in satisfaction of debts previously contracted.

In response to this comment, the OCC notes that the OCC cannot rescind regulations through the PRA renewal process. Moreover, as part of the OCC's ten-year regulatory review required under by section 222 of the Economic Growth and Regulatory Paperwork Reduction Act ("EGRPRA"), the OCC issued notices soliciting comments on all OCC regulations, including 12 CFR Part 1.² The OCC did not receive any comments regarding 12 CFR Part 1 in

² See Regulatory Publication and Review Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996, 79 FR 32172, 32178 (Jun. 4, 2014).

response to the relevant OCC notice. The OCC therefore did not propose any revisions to Part 1 in connection with the review required under EGRPRA. Furthermore, the text of 12 CFR 1.7(d) explicitly states that banks may not hold securities under 12 CFR 1.7 for speculative purposes. Finally, 12 CFR 1.7(b) makes clear that the burden is on the bank to provide “a clearly convincing demonstration as to why an additional holding period is needed.” In light of the prohibition on holding securities acquired under 12 CFR 1.7 for speculative purposes, as well as the high standard that a bank must meet to receive an extended holding period under 12 CFR 1.7(b), the OCC does not believe that a retrospective analysis on the need, fairness, and appropriateness of the text in 12 CFR 1.7(b) is warranted at this time.

Comments continue to be invited on:

- (a) Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;
- (b) The accuracy of the OCC's estimate of the burden of the collection of information;
- (c) Ways to enhance the quality, utility, and clarity of the information to be collected;
- (d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- (e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Dated: February 12, 2018

Karen Solomon
Acting Senior Deputy Comptroller and Chief Counsel
Office of the Comptroller of the Currency

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